

Circular No.: NSDL/POLICY/2022/052

April 07, 2022

**Subject: SEBI Circular on Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.**

Attention of Participants is invited to SEBI Circular No. SEBI/HO/MIRSD/DoP/P/CIR/2022/44 dated April 4, 2022 regarding execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities (Copy enclosed).

Participants are requested to take note of the above and ensure compliance. The operational procedure related to the above will be notified separately.

For and on behalf of

**National Securities Depository Limited**
**Arockiaraj**
**Manager**

Enclosed: One

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) (Quarterly)	By 15 <sup>th</sup> of the following month.	Through e-PASS	1. Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019 2. Circular No. NSDL/POLICY/2021/0102 dated October 04, 2021
Cyber Security & Cyber Resilience framework of Depository Participants (-Quarterly)	By 15th of the following month	Through e-PASS	1. Circular No. NSDL/POLICY/2019/0039 dated July 9, 2019. 2. Circular No. NSDL/POLICY/2020/0069 dated May 15, 2020
Tariff Sheet (yearly)	April 30th every year	By email at dpfees@nsdl.co.in	1. Circular No. NSDL/POLICY/2006/0064 dated December 26, 2006. 2. Circular No. NSDL/POLICY/2007/0003 dated January 8, 2007
Internal/ Concurrent Audit Report (October - March)	May 15th every year	Through e-PASS	Circular No.: NSDL/POLICY/2022/049 dated April 01, 2022
Risk Assessment Template (October - March)	April 30th every year.	Through e-PASS	Circular No. NSDL/POLICY/2018/0050 dated September 25, 2018
Reporting of status of the alerts generated by Participants- (Quarterly)	Within 15 days from end of the quarter	Through e-PASS	1. Circular No. NSDL/POLICY/2021/0072 dated July 15, 2021 2. Circular No.: NSDL/POLICY/2022/001 dated January 03, 2022

**CIRCULAR**

**SEBI/HO/MIRSD/DoP/P/CIR/2022/44**

**April 04, 2022**

To,

**All Depositories**

**All Recognised Stock Exchanges**

Dear Sir/Madam,

**Sub: Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities**

1. SEBI vide circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010 issued guidelines regarding execution of Power of Attorney (PoA) by the client in favor of Stock Broker / Stock Broker and Depository Participant ("**POA Guidelines, 2010**"). Certain clarifications were issued vide circular no. CIR/MRD/DMS/28/2010 dated August 31, 2010. Vide SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020 ("**PoA Guidelines, 2020**"), it was inter-alia reiterated that:
  - 1.1. PoA is optional and should not be insisted upon by the stock broker / stock broker depository participant for opening of the client account.
  - 1.2. PoA executed in favour of stock broker / stock broker depository participant by the client shall be utilized
    - 1.2.1. For transfer of securities held in the beneficial owner account of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by such a client on the Stock Exchange through the same stock broker.
    - 1.2.2. For pledging / re-pledging of securities in favour of the trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements of the client in connection with the trades executed by such a client on the Stock Exchange.
    - 1.2.3. For the limited purposes as specified in paragraph 1(iii) and 2 of the Enclosure to the POA Guidelines, 2010.

2. While executing a PoA, authorization is given by client to the stock broker / stock broker and depository participant, to access the Beneficial Owner (BO) account of the client to meet settlement obligations of the trade executed by the client.
3. In order to make the process more transparent and simpler, the two conditions as specified in paragraphs 1.2.1 and 1.2.2 shall be made part of a separate document viz. **'Demat Debit and Pledge Instruction' (DDPI) (Annexure-A)**, under which the clients shall explicitly agree to authorize the stock broker/stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of PoA and significantly mitigate the misuse of PoA. The use of DDPI shall be limited only for the two purposes as mentioned in paragraph 1.2.1 and 1.2.2.
4. The client may use the DDPI or opt to complete the settlement by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves. Hence, with the implementation of this circular, PoA shall no longer be executed for the conditions specified in paragraph 1.2.1 and 1.2.2.
5. The DDPI shall be indexed as part of the Voluntary Documents in Annexure-1 of SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011 and shall be executed only if the client provides his/her explicit consent for the same, including internet based trading. The DDPI shall also be adequately stamped. The DDPI can be digitally signed by the clients.
6. The existing PoAs shall continue to remain valid till the time client revokes the same. Thus, the stock broker/stock broker and depository participant shall not directly / indirectly compel the clients to execute the DDPI or deny services to the client if the client refuses to execute the DDPI. Also, as mentioned in point no. 1.1 above, PoA is optional and should not be insisted upon by the stock broker / stock broker depository participant for opening of the client account. A clause in this regard shall be incorporated under the sub-heading 'Additional Rights And

Obligations' of the Rights and Obligations Document (Annexure-4 of SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011) and shall read as under:

*“The stock broker / stock broker and depository participant shall not directly / indirectly compel the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.”*

Accordingly, SEBI circular no. CIR/MIRSD/16/2011 dated August 22, 2011 stands amended to this extent.

7. For the execution of the DDPI for fulfilling delivery / settlement obligations, prior to executing actual transfer of securities based on details provided by stock broker/stock broker and depository participant, the Depositories shall ensure matching and confirming the transfer of securities with client-wise net delivery obligation arising from the trade executed on the exchange, as provided by the Clearing Corporation to Depositories for each settlement date.
8. Securities transferred on the basis of the DDPI provided by the client shall be credited only to client's trading member pool account. The DDPI provided by the client shall be registered in the demat account of the client by TM /CM. Stock Exchanges and Depositories shall ensure that stock broker/stock broker and depository participant providing DDPI facility, has enabled its clients to revoke / cancel the DDPI provided by them.
9. For the clients who issue the DDPI to stock broker/stock broker and depository participant, the following provisions of the SEBI circulars issued with respect to PoA shall stand replaced with DDPI with effect from July 01, 2022:
  - 9.1. Paragraphs 4.2.1 and 4.2.2 of SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020, and
  - 9.2. Paragraphs 1(i) and 1(ii) of Enclosure to the SEBI circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010.
10. All other provisions specified in SEBI circular no. CIR/MRD/DMS/13/2010 dated April 23, 2010 read with SEBI circular no. CIR/MRD/DMS/28/2010 dated August

31, 2010 and SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020 shall continue to remain applicable.

11. The word “Power of Attorney (PoA)” in the SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020 and SEBI/HO/MIRSD/DOP/P/CIR/2021/595 dated July 16, 2021 shall be substituted as “Power of Attorney (PoA) (for the existing PoAs) or Demat Debit and Pledge Instruction (DDPI), as the case maybe”.
12. All other provisions specified in SEBI circular dated February 25, 2020 and July 16, 2021 shall continue to remain applicable.
13. Stock Exchanges and Depositories are directed to:
  - 13.1. bring the provisions of this circular to the notice of their members / participants and also disseminate the same on their websites;
  - 13.2. ensure that existing clients are made aware of the availability of facility for execution of DDPI, through letters / SMS / emails; and
  - 13.3. make necessary amendments to the relevant Bye-laws, Rules and Regulations for the implementation of the above decision.
14. This circular shall be applicable with effect from July 01, 2022.
15. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996, to protect the interests of investors in securities and to promote the development of and to regulate the securities markets.

Yours faithfully

**Narendra Rawat**  
**General Manager**  
**Tel. No: 022 26449383**  
**narendrar@sebi.gov.in**

**Demat Debit and Pledge Instruction**

S.No.	Purpose	Signature of Client *
1.	Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries / settlement obligations arising out of trades executed by clients on the Stock Exchange through the same stock broker	
2.	Pledging / re-pledging of securities in favour of trading member (TM) / clearing member (CM) for the purpose of meeting margin requirements of the clients in connection with the trades executed by the clients on the Stock Exchange.	

\* the same may be eSigned or signed physically